

1. As a project manager setting a budget, you factor in unexpected costs that may arise during the project. What budgeting strategy does this refer to?

1 / 1 point

- ☐ Setting a baseline
- ☒ Adding a buffer and reserves
- ☐ Leveraging experts
- ☐ Bottom-up approach

☒ Correct
When budgeting for a project, you'll want to leave room for costs that exceed estimations.

2. As a project manager, what three things should you do to control costs and reduce changes to the budget? Select all that apply.

0.75 / 1 point

☒ Request stakeholder approval on additional costs only *after* they are incurred

☒ This should not be selected
Getting approval from key stakeholders *after* additional costs have already been incurred isn't effective for controlling changes in costs. Rather, you should establish a sign-off plan and inform stakeholders of any budget changes that occur. You should also manage changes as they are made and ensure changes are within scope.

☒ Ensure budget changes are within scope.

☒ Correct
You should ensure that any additional costs or changes to the budget are within the project boundaries. You should also get stakeholder sign-off on any changes and manage changes as they are made.

☒ Establish a sign-off plan and inform stakeholders of any expense changes that occur.

☒ Correct
You should get appropriate stakeholders to agree to any additional costs before they are incurred. You should also manage changes as they are made and ensure the changes are within scope.

☒ Manage changes as they're made.

☒ Correct
You should update forecasts as cost changes occur because you don't want budget changes to surprise you. You should also get stakeholder sign-off on any changes and ensure changes are within scope.

3. As a project manager, what does going under budget on a project indicate about your approach to budget management? Select all that apply.

0.5 / 1 point

- ☒ That you accurately estimated the total cost of ownership (TCO)
- ☒ This should not be selected
TCO factors in the expenses associated with a product or service over its lifetime, rather than just upfront costs. Accurately estimating TCO is unlikely to cause you to go under budget on a project. Rather, going under budget could mean that your initial estimates were inaccurate.
- ☒ That you effectively conserved funds and will likely receive larger budgets for future projects
- ☒ This should not be selected
Going under budget on a project does not mean that the funds you saved will be allocated to a future project. In fact, your budget for future projects could be slashed. Going under budget indicates that you may not have done a good job at initially estimating and that you could have spent more money on the project.
- ☒ That your initial estimates were inaccurate
- ☒ Correct
Going under budget indicates that you may not have done a good job at initially estimating and that you could have spent more money on the project. It also could result in your budget for future projects being reduced.
- ☒ That you could have spent more on the project to provide extra resources
- ☒ Correct
Going under budget indicates that you could have spent more money on the project. For example, you could have possibly had extra resources or better quality output. It may also mean that you did not do a good job at initially estimating and that your budget for future projects could be slashed.

4. What budgeting challenge arises when changes or growth cause additional work the project manager hadn't planned for?

1 / 1 point

- ☐ Budget pre-allocation
- ☐ Inaccurate budget baseline
- ☒ Scope creep
- ☐ Inaccurately accounting for total costs
- ☒ Correct
Scope creep is when changes, growth, and other factors affect the project's scope at any point after the project begins. Scope creep causes additional work that wasn't planned for, so it can impact your budget.